

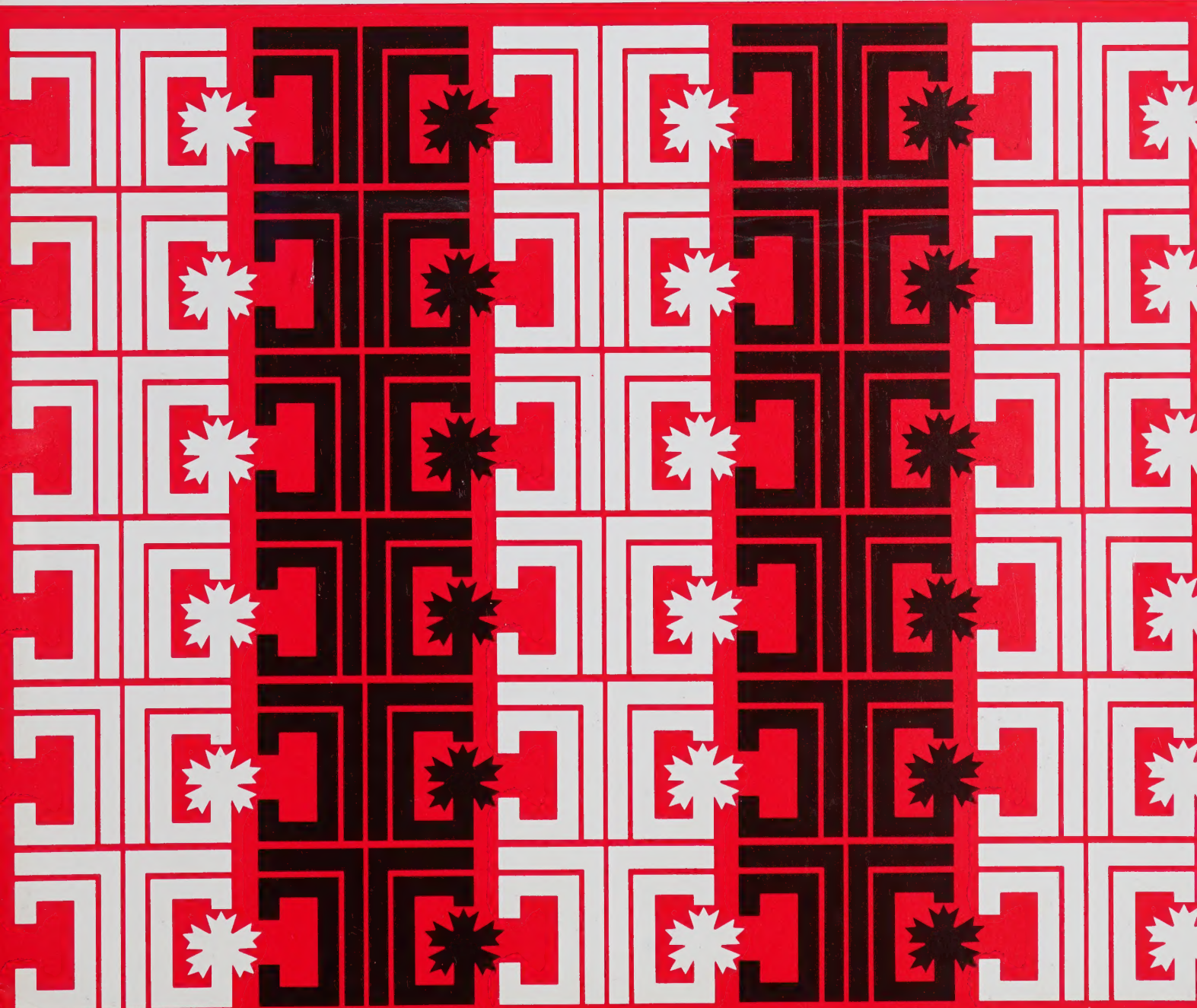
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**Trans  
Canada  
Glass Ltd.**

**Annual Report  
1977**





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## Report of the Directors:

On behalf of the Board of Directors, I hereby present the Annual Report of Trans Canada Glass Ltd. and its subsidiaries.

### Operating Results

Sales for 1977 were \$36,530,964, an increase of \$3,082,088 over 1976, but net income dropped to \$613,443 or 51¢ per common share.

The increase in sales was primarily due to inflation, however we did experience a decline in the automotive replacement glass market which was offset somewhat by new business from the sale of sealed units and flat glass products. The factors responsible for the decline in the automotive replacement market appear to be the introduction into law of the 90 km.p.h. speed limit, mandatory use of seat belts, higher insurance deductibles and higher prices for petroleum products.

Because of the decline in units of automotive glass, pricing deteriorated to the point where it had a very serious effect on our gross margins. The decline was 2.3%. However, management did an excellent job of keeping our operating and administrative expense increase to less than a 1% increase in relation to sales.

Income taxes amounted to \$951,083 or 59.6% of income before income taxes. This excessive amount was the result of losses incurred by some of our subsidiaries not being offset against income earned by other subsidiaries. Management, however, will be examining the recent changes in the tax legislation which permits us to amalgamate our subsidiaries so that in future these losses will be offset against future profits for income tax purposes.

### Capital Expansion

Our plant for distribution and manufacturing of sealed glass units in Calgary was completed in November of 1977. We are now producing sealed glass units in Calgary, Vancouver, Prince George, and, by the time you receive this report, in Cranbrook.

We have very little expansion planned for the coming year but feel 1978 is a year to streamline our existing outlets to retain our place in a highly competitive market.

### Outlook

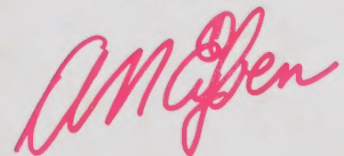
It is our opinion that higher taxes and inflated wage demands in manufacturing, distribution and sales will make 1978 a slow growth year for the Company. We foresee a period of adjustment and some hope for positive improvement in earnings.

We are using this adjustment period to position ourselves for the market recovery by hiring qualified people for our manufacturing division and by expanding our computer facilities. Last year we spent in excess of \$3,000,000 on plant and equipment preparing with optimism for the future.

We view 1977 with mixed emotions because of the decrease in working capital and reduced earnings. However, we look to 1978 with confidence.

In conclusion, I would like to express our appreciation to all those who have contributed to the Company's success.

President.







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### **Directors**

Arthur Skidmore, West Vancouver, B.C.  
Herbert Skidmore, Burnaby, B.C.  
Neil Eyben, Surrey, B.C.  
Charles S. O'Neill, New Westminster, B.C.  
Donald F. McClure, New Westminster, B.C.  
Robert R. Dodd, West Vancouver, B.C.

### **Officers**

Arthur Skidmore, Chairman of the Board  
Neil Eyben, President  
Herbert Skidmore, Executive Vice-President and Secretary  
Donald F. McClure, Vice-President

### **Auditors**

Touche Ross & Co., New Westminster, B.C.

### **Transfer Agent**

National Trust Company Limited

### **Head Office**

823 Carnarvon Street, New Westminster, B.C.

### **Stock Listing**

Toronto Stock Exchange  
Vancouver Stock Exchange

### **Annual Meeting**

Monday, June 26, 1978 at 10:00 a.m.  
Coronet Room, Royal Towers Hotel,  
New Westminster, B.C.

## Ten Year Financial Review Trans Canada Glass Ltd.

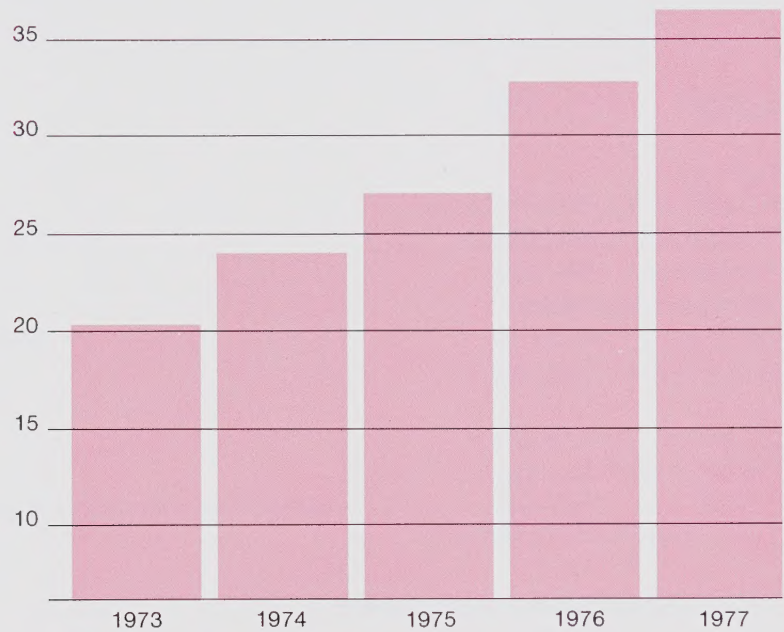
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*Thousands Dollars*

	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968
Sales.....	<b>36,531</b>	33,449	27,540	24,345	20,305	15,236	10,147	7,939	7,707	5,612
Expenses .....	<b>33,974</b>	30,092	22,634	20,930	17,268	13,333	8,638	6,915	6,706	5,002
Depreciation ....	<b>657</b>	517	426	345	256	141	94	69	50	50
Interest .....	<b>304</b>	303	312	21	23	8	9	10	11	13
	<b>34,935</b>	30,912	23,372	21,296	17,547	13,482	8,741	6,994	6,767	5,065
Operating Income	<b>1,596</b>	2,537	4,168	3,049	2,758	1,754	1,406	945	940	547
Income taxes ....	<b>989</b>	1,294	2,135	1,790	1,666	868	727	474	436	186
Net Income .....	<b>607</b>	1,243	2,033	1,259	1,092	886	679	471	504	361
Net Income per share	<b>50¢</b>	\$1.03	\$1.68	\$1.04	91¢	74¢	57¢	40¢	42¢	30¢

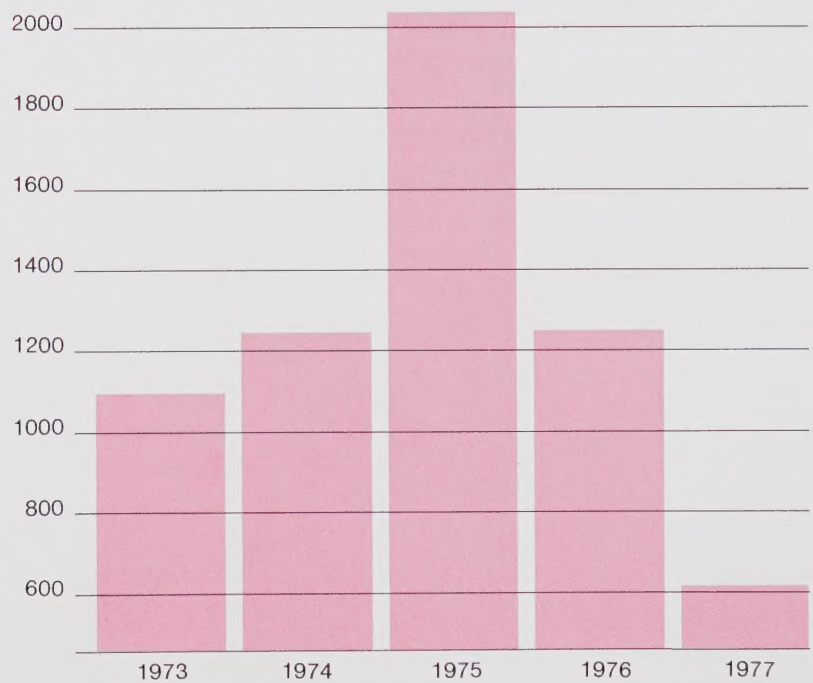
## Net Sales (millions of dollars)

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## Net Income (thousands of dollars)

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Trans Canada Glass Ltd.

## Consolidated Balance Sheet

as at December 31, 1977

Assets	1977	1976
Current:		
Cash .....	\$ 181,165	\$ 281,341
Accounts receivable .....	5,670,896	5,444,699
Inventory .....	6,629,185	5,803,899
Prepaid expenses .....	26,422	65,769
	<u>\$12,507,668</u>	<u>\$11,595,708</u>
Fixed: at cost		
Land .....	1,643,964	1,396,599
Buildings and equipment .....	7,656,439	5,139,637
	<u>\$ 9,300,403</u>	<u>\$ 6,536,236</u>
Less: Accumulated depreciation .....	2,504,518	1,984,113
	<u>\$ 6,795,885</u>	<u>\$ 4,552,123</u>
Intangibles:		
Cost of shares in subsidiaries in excess of net book value .....	4,353,326	4,373,011
	<u>\$23,656,879</u>	<u>\$20,520,842</u>

Approved on Behalf of the Directors:

N. Eyben, Director

H. Skidmore, Director



<b>Liabilities</b>	<b>1977</b>	<b>1976</b>
Current:		
Bank indebtedness — secured .....	\$ 4,294,553	\$ 2,520,329
Accounts payable and accrued charges .....	6,465,208	6,032,351
Income taxes payable .....	395,768	661,166
Dividend payable .....	96,664	96,664
Current portion of long term debt .....	640,614	611,849
	<u>\$11,892,807</u>	<u>\$ 9,922,359</u>
Long term debt .....	3,185,519	2,236,233
Deferred income taxes .....	163,184	193,979
Interest of minority shareholders in subsidiary companies....	119,790	99,479
<b>Shareholders' Equity</b>		
Share capital		
Authorized		
3,000,000 common shares without nominal or par value		
Issued		
1,208,300 shares .....	2,553,184	2,553,184
Retained earnings .....	5,742,395	5,515,608
	<u>\$23,656,879</u>	<u>\$20,520,842</u>

Trans Canada Glass Ltd.

## Consolidated Statement of Income

For the year ended December 31, 1977

	1977	1976
Sales .....	\$36,530,964	\$33,448,876
Cost of sales .....	25,211,349	22,322,970
Operating and administration expenses .....	8,763,072	7,768,910
Depreciation and amortization .....	657,244	516,976
Interest — long term .....	303,758	302,711
	<u>\$34,935,423</u>	<u>\$30,911,567</u>
Income before income taxes, minority interest and extraordinary gain .....	1,595,541	2,537,309
Income taxes:		
Current .....	981,878	1,079,506
Deferred .....	(30,795)	176,525
	<u>\$ 951,083</u>	<u>\$ 1,256,031</u>
Income before minority interest and extraordinary gain .....	644,458	1,281,278
Interest of minority shareholders in income of subsidiaries .....	37,684	38,555
Income before extraordinary gain .....	<u>\$ 606,774</u>	<u>\$ 1,242,723</u>
Gain on sale of property .....	6,669	31,389
Net income .....	<u>\$ 613,443</u>	<u>\$ 1,274,112</u>
Net income per common share		
Before extraordinary gain .....	50¢	\$1.03
After extraordinary gain .....	51¢	\$1.05

## Consolidated Statement of Retained Earnings

For the year ended  
December 31, 1977

	1977	1976
Retained earnings, beginning of year .....	\$ 5,515,608	\$ 4,606,069
Add: Net income .....	613,443	1,274,112
	<u>\$ 6,129,051</u>	<u>\$ 5,880,181</u>
Less: Dividends paid .....	386,656	364,573
Retained earnings, end of year .....	<u>\$ 5,742,395</u>	<u>\$ 5,515,608</u>



Trans Canada Glass Ltd.

## Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1977

Source of Working Capital:	1977	1976
Net income .....	\$ 613,443	\$1,274,112
Add: Charges not requiring an outlay of funds:		
Depreciation and amortization .....	657,244	516,976
Deferred income taxes .....	(30,795)	176,525
Gain on sale of property .....	(6,669)	(31,389)
Minority interest share of net income .....	37,684	38,555
Net funds from operations .....	\$1,270,907	\$1,974,779
Proceeds from sale of fixed assets .....	356,669	136,253
Proceeds from long term debt .....	1,582,078	670,000
	<u>\$3,209,654</u>	<u>\$2,781,032</u>
Application of Working Capital:		
Additions to fixed assets .....	3,231,321	1,585,073
Purchase of goodwill in subsidiary companies in excess of working capital .....	—	55,790
Repayment of long term debt .....	632,792	663,301
Payment of minority interest .....	17,373	248,210
Dividends paid on common shares .....	386,656	364,573
	<u>\$4,268,142</u>	<u>\$2,916,947</u>
Decrease in working capital .....	1,058,488	135,915
Working capital, beginning of year .....	1,673,349	1,809,264
Working capital, end of year .....	<u>\$ 614,861</u>	<u>\$1,673,349</u>

## Auditors' Report

To the Shareholders of  
Trans Canada Glass Ltd.

We have examined the consolidated balance sheet of Trans Canada Glass Ltd. as at December 31, 1977 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New Westminster, B.C.  
April 7, 1978.

Touche Ross & Co.  
Chartered Accountants

Trans Canada Glass Ltd.

## Notes to the Consolidated Financial Statements

as at December 31, 1977

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### Note 1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries together with Hub City Glass Ltd., which is 50% owned. All material intercompany accounts and transactions have been eliminated.

(b) Net Income per Common Share

Net income per common share has been calculated using the weighted monthly average number of shares outstanding during each year.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value.

(d) Depreciation

Depreciation on the majority of buildings and equipment is computed on the declining balance method at the following rates:

- Buildings 5% and 10%
- Equipment 20% and 30%

(e) Cost of Shares in Subsidiaries in excess of net book value consists of:

- (i) Goodwill purchased prior to April 1, 1974 which is amortized only when management believes that there has been a diminution of value.
- (ii) Goodwill purchased after March 31, 1974 which is being amortized to expense on a straight line basis, over a period not exceeding forty years. The charge to income in 1977 is not material.

### Note 2 Long Term Debt

Consists of:

(a) Bank financing, repayable at \$50,000 per month bearing interest at  $\frac{3}{4}$  of 1% in excess of the prime rate. The loan is secured principally by a debenture on the assets, except

inventories, of the company and its subsidiaries . . . . .	Current \$600,000	Long Term \$2,100,000
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(b) Other mortgages, agreement for sale and notes payable bearing interest rates from

6½% to 12½% . . . . .	40,614	1,085,519
	<u>\$640,614</u>	<u>\$3,185,519</u>

### Note 3 Remuneration

Remuneration paid to directors and senior officers during 1977 aggregated \$219,838 (1976 — \$231,403).

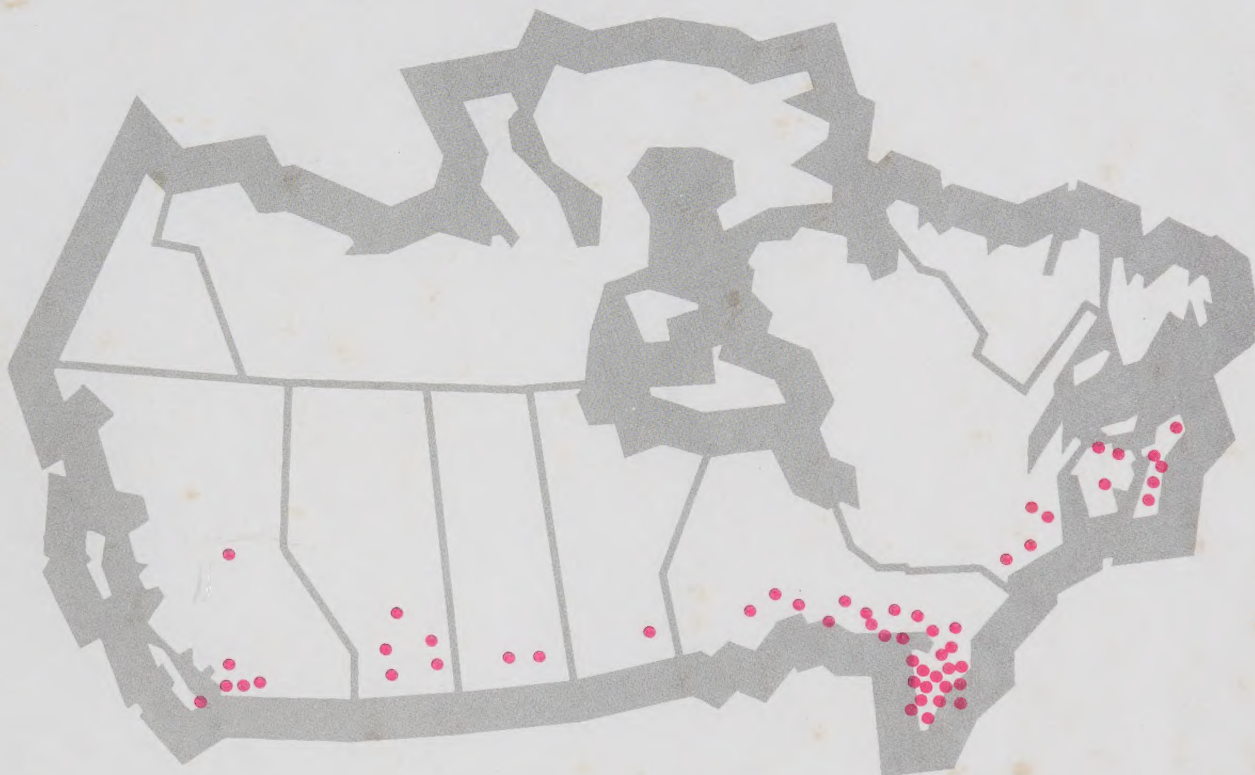
### Note 4 Anti-Inflation Program

The Company and subsidiaries are subject to controls on prices, profits, compensation and dividends, instituted by the federal government in the Anti-Inflation Act, effective October 14, 1975. The Company has used its best efforts to comply with the guidelines for these controls since their announcement.



## Trans Canada Glass Ltd.

Head Office: 823 Carnarvon Street, New Westminster, B.C.



### British Columbia

#### Wholesale:

New Westminster / A & H Sales Ltd.

#### Retail:

Vancouver / B & A Auto Glass Ltd. / Broadway Auto-Glass Ltd. / Model Glass Ltd.  
New Westminster / Surrey / Port Moody / Maple Ridge / Langley / Central Auto & Window Glass Ltd.  
Kelowna / Interior Glass  
Chilliwack / Chilliwack Crystal Glass Ltd.  
Clearbrook / Valley Glass Shop Ltd.  
Prince George / B & A Auto Glass Ltd.  
Victoria / Pacific Auto Glass Ltd.  
Cranbrook / Sparwood / Valley Glass Shop Ltd.

#### Contract Glazing:

Vancouver / Central Glass Products Ltd.  
Prince George / Central Glass Products (PG) Ltd.  
Victoria / Pacific Glass Ltd.

### Alberta

#### Wholesale:

Edmonton / A & H Sales Ltd.  
Calgary / A & H Sales Ltd.

#### Retail:

Edmonton / Bahry's Glass Ltd. / Central Glass Ltd. / Livingstone Glass Co. Ltd.  
Calgary / Active Auto & Window Glass Ltd. / Crystal Glass Calgary Ltd. / Crystal Installations Ltd.  
Lethbridge / Lethbridge Glass Ltd.  
Medicine Hat / Crystal Glass Calgary Ltd.

#### Contract Glazing:

Calgary / Crystal Installations Ltd.

### Saskatchewan

#### Retail:

Regina / Saskatoon / Weyburn / Hub City Glass Ltd.

### Manitoba

#### Wholesale:

Winnipeg / A & H Sales Ltd.

#### Retail:

Winnipeg / Allan's Auto Glass Ltd.

#### Contract Glazing:

Winnipeg / Dauphin / Allan's Glass Products Ltd.

### Ontario

#### Wholesale:

Toronto / A & H Sales Eastern Ltd. / Faucher & Fils Ltee.

#### Retail:

Toronto / Barrie / Belleville / Brampton / Brantford / Brockville / Burlington / Cambridge / Galt / Guelph / Don Mills / Hamilton / Kingston / London / Niagara Falls / North York / Oakville / Oshawa / Ottawa / Port Credit / Peterborough / Rexdale / Scarborough / St. Thomas / Thornhill / Welland / Whitby / Windsor / Woodstock / Speedy Auto Glass Limited  
Thunder Bay / Allan's Auto Glass Ltd.

### Quebec

#### Wholesale:

Montreal / A & H Quebec Ltd. / Faucher & Fils Ltee.

#### Retail:

Montreal / St. Jerome / Verdun / Quebec City / Levis / Riviere du Loop / Duro Vitre (1966) Ltee.

### New Brunswick

#### Retail:

Saint John / Moncton / Fredericton / Newcastle / Bathurst / St. Stephen's / Grand Falls / Campbellton / Provincial Glass & Trim Ltd.

### Nova Scotia

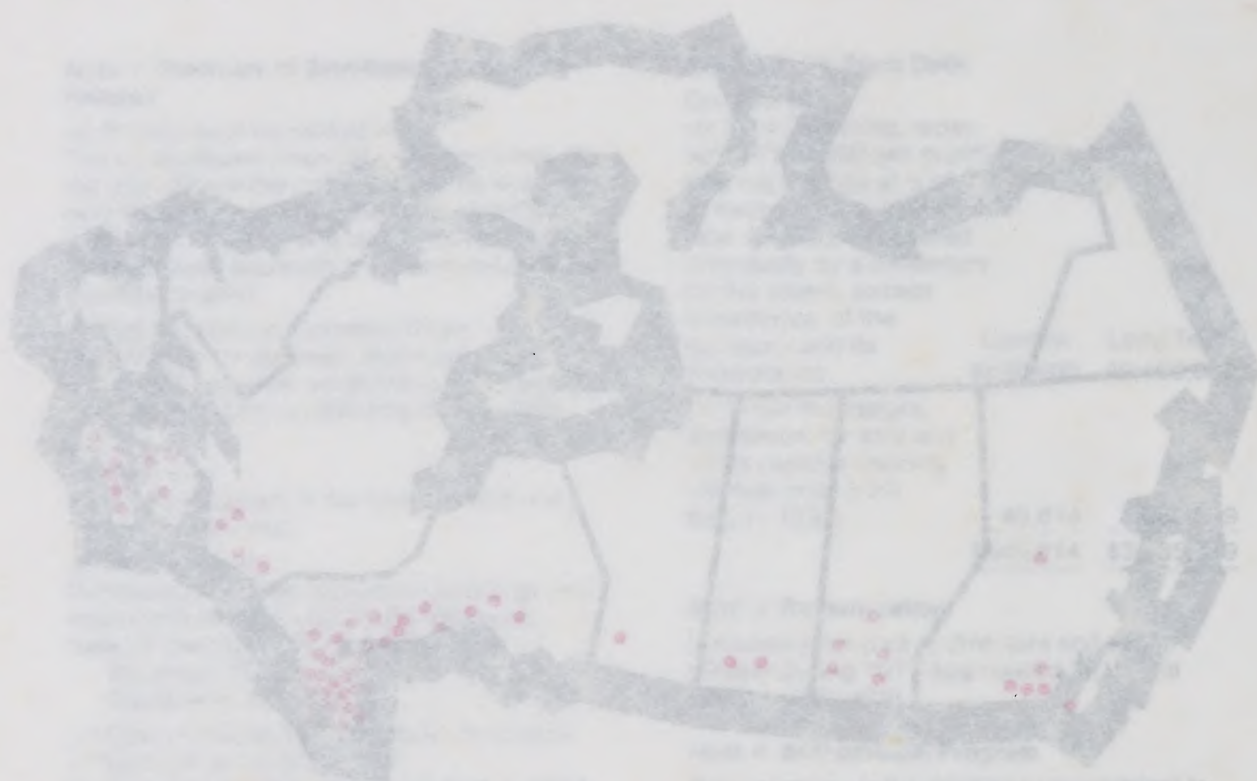
#### Retail:

Halifax / Truro / Bridgewater / Sydney / Dartmouth / Kingston / North Sydney / Amherst / Yarmouth / New Minas / Lower Sackville / New Glasgow / Antigonish / Port Hawkesbury / Ocean Glass Ltd.



100% Canadian Owned

**Trans Canada Glass Ltd.**  
Head Office: 823 Cameron Street, New Westminster, B.C.



#### British Columbia

**Wholesale:**  
New Westminster: West Glass Ltd.  
**Notes:**  
Vancouver: B & A Glass Ltd., Greenwood  
Autumn: J. B. & J. Glass Ltd.  
New Westminster: Fenwick, Fenwick & Fenwick, Ltd.  
Fargo: Langley, Langley & Fenwick, Ltd.  
Kelowna: Interiors  
Chilliwack: Chilliwack & Fenwick, Ltd.  
Chilliwack: Fenwick & Fenwick, Ltd.  
Vernon: George, B & A Glass Ltd.  
Victoria: Fenwick & Fenwick, Ltd.  
Chilliwack: Fenwick & Fenwick, Ltd.  
**Contract Glazing:**  
Vancouver: Fenwick & Fenwick, Ltd.  
Fargo: Fenwick & Fenwick, Ltd.  
Fargo: Fenwick & Fenwick, Ltd.

#### Alberta

**Wholesale:**  
Calgary: A & B Glass Ltd.  
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**Notes:**  
Edmonton: Fenwick & Fenwick, Ltd.  
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Edmonton: Fenwick & Fenwick, Ltd.  
Edmonton: Fenwick & Fenwick, Ltd.  
**Contract Glazing:**  
Calgary: Fenwick & Fenwick, Ltd.

#### Saskatchewan

**Notes:**  
Regina: Fenwick & Fenwick, Ltd.  
Saskatoon: Fenwick & Fenwick, Ltd.  
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Saskatoon: Fenwick & Fenwick, Ltd.  
Saskatoon: Fenwick & Fenwick, Ltd.  
**Contract Glazing:**  
Saskatoon: Fenwick & Fenwick, Ltd.

#### Ontario

**Wholesale:**  
Toronto: A & B Glass Ltd.  
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**Notes:**  
Ottawa: Fenwick & Fenwick, Ltd.  
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**Contract Glazing:**  
Ottawa: Fenwick & Fenwick, Ltd.

#### Quebec

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**Contract Glazing:**  
Montreal: Fenwick & Fenwick, Ltd.







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